

Border Community Capital Initiative

Program Description

The Border Community Capital Initiative (“Border Initiative”) is a collaborative effort among three federal agencies - the Department of Housing and Urban Development (HUD), the Department of the Treasury - Community Development Financial Institutions Fund (CDFI Fund) and the Department of Agriculture – Rural Development (USDA-RD). The Initiative’s goal is to increase access to capital for affordable housing, business lending and community facilities in the chronically underserved and undercapitalized U.S./Mexico border region. Specifically, it will provide direct investment and technical assistance to community development lending and investing institutions that focus on affordable housing, small business and community facilities to benefit the residents of *colonias*. Details are outlined on the following pages.

Background

HUD, USDA-RD and the CDFI Fund have all identified lack of capacity among organizations serving the *colonias* and similar persistent poverty communities as a limiting factor in the effectiveness of federal programs. Inconsistent availability of limited public funding in any one region or community plays a role in this, because organizations specializing in affordable housing, small business support and community facilities cannot sustain themselves and grow. All of the agencies recognize that the targeted border communities and populations receive insufficient services because they lack organizations with the capacity to effectively respond to community needs. Conversely, higher-capacity organizations working along the border consistently cite lack of access to capital as a major barrier to expansion.

The Border Initiative focuses on improving *colonias* communities and creating asset building opportunities for *colonias* residents by helping local financial institutions improve their capacity to raise capital, and to lend and invest it in their communities. Strengthening local community development lenders and investors will also widen the channels through which larger private institutions and federal agencies can reach potential home owners, renters, business owners, facilities operators and service providers who need their support.

Roles of the federal partners

HUD will:

- Make grants available to community development lenders and investors serving *colonias* and *colonias* residents, pursuant to a Notice of Fund Availability.
- Evaluate the outcomes of the Border Initiative in relation to other HUD grant-making approaches.

The CDFI Fund will:

- Provide scholarships for Border Initiative grantees, allowing staff to attend CDFI Fund sponsored training workshops.
- Provide Border Initiative grantees with technical assistance opportunities.
- Sponsor webinars specific to the needs of Border Initiative grantees.

USDA-Rural Development will:

- Where appropriate and permitted under program regulations, make efforts to award points in relevant program areas for Border Initiative grantees.

- Engage other entities of USDA to assess capacity of Border Initiative grantees to help deliver programs supporting production agriculture businesses and business activities promoting fresh food access and distribution in the border region, and other policy priorities.

Program specifics

Eligible applicants: Applicants that are eligible to participate in this initiative are community development lenders and investors, which may be local rural non-profit organizations or federally recognized tribes. Applicants do not need to be certified as Community Development Financial Institutions by the CDFI Fund at the time of application. Applicants may serve other markets than *colonias* residents and communities, using other sources of financing.

Goals: Funds may be used to support eligible activities that serve the following goals:

- Expanding services in eligible *colonias* target markets (see below) by established lenders and investors in affordable housing, small business, and community facilities, and/or
- Securing new public or private capital sources for lending or investing in affordable housing, small business and community facilities in existing or new eligible target markets.

Eligible target markets: Eligible target markets for use of Border Initiative funds include geographic areas and/or populations, as described below.

Geographic areas defined as *colonias* by The Cranston-Gonzalez National Afford Housing Act of 1990 (Pub. L. 101-625, Nov. 28, 1990) (the Act) and the Appropriations Act of 1997 (Pub L. 104-204, Sept. 26, 1996, 110 Stat. 2887). Pursuant to these statutes, a *colonia* is:

- Defined community boundaries that were in existence before November 28, 1990 and
- Located within 150 miles of the United States-Mexico border, and
- Located outside metropolitan statistical areas with populations exceeding one million, and
- Determined to be a *colonia* on the basis of objective criteria including the lack of potable water supply, lack of adequate sewage systems, and lack of decent, safe and sanitary housing.

Applicants may also serve populations of borrowers or investees including:

- Current low income residents of *colonias*, and/or
- Businesses owned by or serving low income residents of *colonias*, and/or
- Community facilities serving *colonias* communities or low income *colonias* residents.

Eligible activities: Innovative housing and economic development uses, including but not limited to loan or investment capital, loan loss reserves, program staff costs, information systems, market studies, portfolio analyses and business planning.

Grant amount and term: Maximum grant amount will be \$200,000, with a term of up to 36 months.

Additional opportunity: With applicant permission, HUD will share materials with the North American Development Bank's CAIP Program, in order to streamline processing for CAIP Targeted Grant resources. Projects in CAIP Designated Eligible Areas resulting in job creation and meeting CAIP criteria will be considered for CAIP financial assistance. More information can be found at <http://www.nadbank-caip.org/>.